

By Way Of Introduction

This issue of *CalRisk Notes* is the first in a series of publications to inform you about (1) public agency risk management topics of current interest, (2) tips and suggestions on ways to control or eliminate the costs associated with the risks of accidental loss, and (3) how you can best utilize the services provided by the State of California's Office of Risk and Insurance Management (ORIM).

CalRisk Notes is specifically designed to benefit:

- Departmental financial managers and accounting officers
- Departmental training, human resource and safety personnel
- Staff responsible for risk management, claims, contracts and insurance areas
- Public and not-for-profit risk managers at the State and local levels

What Is ORIM?

ORIM is an acronym for the Office of Risk and Insurance Management. We are an arm of the Department of General Services. ORIM can supplement your existing risk management functions on an ongoing or a project-specific basis. For over 35 years we have helped state and local organizations manage all aspects of their exposures to loss. We do this by providing a variety of claims, safety, risk control and other services in a highly cost-effective manner.

ORIM's charter is to provide state agencies, local public agencies and not-for-profit organizations with risk management and insurance services. These include, but are not limited to:

- Insurance procurement
- Claims adjusting
- Safety and training
- Vendor/contract management

Insurance Procurement

ORIM's original and core service is to help state agencies evaluate, select and procure traditional insurance products for their property/casualty and life/health exposures. Evaluating and purchasing the right kinds of insurance, in the correct amount and with appropriate deductibles, can be time-consuming and confusing for agency staff. ORIM's team of experienced professionals can save both time and expense by making sure bids are received and evaluated in a timely fashion. We also monitor insurers' policy forms, endorsements, rating calculations, claims handling and other services to guarantee that your agency receives the protection and services for which it has contracted.

We also can work with your agency to determine the feasibility of non-insurance solutions as an alternative to traditional insurance coverage. Currently over 50 departments and agencies rely on ORIM's procurement and alternate risk management services on an ongoing or as-needed project basis.

For extremely large or complex placements, we may help an agency conduct a thorough broker/insurer selection process to ensure that effective due diligence and best practices are followed. ORIM has delivered on the largest projects, involving millions of dollars in premiums, with proven efficiencies and cost savings to our clients.

Claims Adjusting


An equally important ORIM function is to provide state and local agencies with

Dear Reader:

Welcome to the first issue of ORIM's new publication, *CalRisk Notes*. This newsletter will be produced periodically during the year whenever we have something important or interesting to tell you about ORIM's services and developments in the field of risk and insurance.

We hope you will find *CalRisk Notes* informative and encourage you to contact us with your comments.

Sincerely,


Ralph L. Maurer
State Risk Manager

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high quality and competitively priced claims handling and adjusting. ORIM does this in a major way by processing and handling over 6,000 accident reports and 2,500 liability claims annually for the State's fleet of nearly 42,000 vehicles. Total claims payments for this program alone are approximately \$15 million annually.

While the State's vehicle claims administration program is our largest, ORIM has contracted to manage several other claims programs, including:

- *Liability claims for the Department of Social Services' foster-care programs.* While these claims have relatively low frequency (approximately 75 per year), they involve complex, sensitive issues of foster care that make them difficult to adjust. Payments for these types of claims range between \$1–1.5 million annually.
- *Liability claims for the California State University (CSU) system.*

Beginning in January 1996, ORIM contracted with CSU to handle all of the system's tort liability claims (approximately 250 per year).

- *Third-party property damage claims for the County of Sacramento.* ORIM has contracted to adjust all non-litigated claims under a \$5,000 threshold (approximately 400 per year). See page 3 for a special feature article about the County of Sacramento's program.

Safety And Training

ORIM provides extensive training programs in basic safety, defensive driving and first aid/CPR certification. Driver training classes are offered year round at numerous locations throughout the State, while first aid/CPR classes are held primarily in Sacramento. ORIM trains approximately 23,000 drivers annually, of whom over 2,000 are non-state employees. Classes are available to employees of all government

agencies and not-for-profit organizations at very reasonable rates.

Vendor/Contract Management

The Department of Social Services contracts with ORIM to oversee the adjustment and administration of self-insured workers' compensation claims by the State Compensation Insurance Fund. Many people do not realize that the Department's In Home Supportive Services (IHSS) program employs 175,000 persons, second in size only to the State of California itself. Benefit payments under the IHSS self-insured program exceed \$18 million annually. In addition, ORIM oversees a similar contract for the Department's Greater Avenues for Independence (GAIN) program, whose claims total approximately \$1 million annually. ■

For more information about how your agency or organization can benefit by using ORIM's services, contact Ralph Maurer at 916/322-8971.

Get Behind The Wheel Of ORIM's Driver Training Programs

ORIM offers driver-training programs designed to stimulate employees to become safer drivers. Each of ORIM's comprehensive driver-training programs addresses the needs of drivers to survive in today's highway transportation systems. Some safety experts claim over 80% of all vehicle collisions are preventable, making these programs particularly important. The costs of automobile accidents can directly affect an agency's operating budget. ORIM offers four formats to meet the varying training needs of individuals and organizations.

Classroom Training addresses subjects such as drivers' attitudes, rules of the road, techniques for avoiding or minimizing accidents, defensive-driving strategies and handling emergency and hazardous driving situations. Upon successful completion of the 3½-hour class, students receive a Completion

Card valid for four years. Classes are offered statewide on a continuous basis and also can be scheduled on-site.

Behind-The-Wheel Training allows a driver to practice under supervision of a professional instructor. This refreshes forgotten practices, reinforces good practices and teaches new practices, including defensive-driving techniques, commentary driving, vision-control techniques and backing techniques. Each driver receives a written evaluation. Behind-The-Wheel training is available statewide on a request basis. Each 4-hour class trains up to four people.

One-On-One Training offers intensive training of defensive-driving techniques, commentary driving, vision-control techniques, backing techniques and driver attitudes. The driver receives extensive evaluation during the training and a written performance report afterwards. This is an excellent program

for drivers with a history of driving problems. Day-long one-on-one training is available statewide upon request and is held at the individual's work location.

Vanpool Training covers such subjects as driver attitudes, rules of the road, techniques for avoiding or minimizing accidents, defensive-driving strategies and handling emergency and hazardous situations. Upon successful completion of this 5-hour training, students receive a Completion Card valid for three years. This training is recommended for van drivers who participate in rideshare and/or carpool programs or those who drive cargo or utility vans as a condition of their employment. Vanpool training is available statewide upon request. Each class trains up to 30 people. ■

For information on training schedules and enrollment procedures, call Trudy Holder or Judy Esola at 916/445-0221 or at CALNET 485-4221.

Summary Of ORIM's Classes And Training Programs

ORIM offers numerous and varied classes throughout the year to help agencies control their exposures to loss. Regularly scheduled classes are held at ORIM's Sacramento headquarters and various locations throughout the State.

For the regularly scheduled defensive driver and medic first aid classes, contact ORIM's Assistant Training Coordinator at 916/322-8969 or CALNET 492-8969. For the on-site classes, programs on request and basic safety training, contact the person whose name follows the program description.

Defensive Driver Training (described on page 2). Recommended for state, city, county, federal or other not-for-profit agency employees who drive on official business. Consists of scheduled Classroom Training and on-

site Classroom, Behind-the-Wheel, One-on-One and Vanpool Training. For the on-site classes, contact Judy Esola, Training Coordinator, at 916/445-0221 or CALNET 485-0221.

Medic First Aid Training. A First Aid/Cardiopulmonary Resuscitation (CPR) training program that satisfies OSHA's requirements for industry, business, government and the community. Title 8 of the General Industry Safety Orders (3400) requires employers to ensure the ability of trained personnel to administer first aid/CPR if an infirmary, clinic or hospital is not in the near proximity. For on-site classes, contact Judy Esola, Training Coordinator, at 916/445-0221 or CALNET 485-0221.

Basic Safety Training. This class is mandatory (S.A.M. 2580.4) for all State Departmental Safety Coordinators within one year of appointment. It is also highly recommended for firefighters. Classes are regularly scheduled at ORIM's headquarters. Space for the class is always limited, so early registration is recommended. Contact Trudy Holder, Training Coordinator, at 916/445-9809 or CALNET 485-9809. ■

A Partnering Success Story: The County of Sacramento

Public agencies are increasingly seeking ways to become more efficient through partnering with other entities. An example of such an arrangement is the claims adjusting services provided by ORIM to the County of Sacramento.

Like many public entities, the County of Sacramento receives numerous claims from the public for property damage due to the County's alleged fault or negligence. In particular the County sees many claims arising from (1) the County Jail, for lost or damaged clothing and personal items of detainees, visitors and inmates; (2) the sewer and water system, for sewer back-up or flooding of customers' houses; and (3) vehicles and parking facilities, for low-impact automobile collisions, fender-benders and scrapes.

The County had considered hiring an in-house adjuster to handle small, frequent property damage claims, but learned ORIM had expertise in that very area. Because ORIM's claims staff was experienced in adjusting claims over the telephone, they are able to minimize the need to visit actual claim scenes and keep adjustment costs low.

Beginning on January 1, 1996, the County contracted with ORIM to handle its non-litigated property damage liability claims under \$5,000 (including minor medical). Such claims were approximately 70% of all the County's

claims. All claims over the \$5,000 threshold and all litigated claims continue to be handled by the County's third-party claims administrator.

Speaking about ORIM's performance, Aadne Benestad, Risk Manager for the County, said, "Our average cost of handling claims through ORIM is just 70% to 80% of what it was before." He explained that ORIM's adjusters worked efficiently by telephone and billed only their actual clock adjusting hours, not a flat or inflated rate.

Using ORIM's services gives the risk manager the flexibility to handle varying claim loads without having to add to the County's permanent payroll. ORIM's staff inputs claims information remotely by modem into the County risk management information system, giving the County consistency and control over its claims data.

The bottom line, according to the County Risk Manager: "Partnering with ORIM for our claims handling is a win-win situation for everybody." Claims are paid promptly and fairly, holding down litigation. The County keeps its fixed overhead low. The County's third-party administrator and attorneys are involved only with the more serious or litigated cases. ORIM fulfills its mission of providing State and local agencies with quality risk management services. ■

Know The Insurance Requirements Of Your Contracts!

Most public agencies attempt to transfer at least some portion of their liability risks to other parties with whom they do business, e.g. contractors, suppliers, vendors. Essentially risks are transferred to others through some type of contractual agreement, such as leases of property or equipment, construction contracts, purchase orders, maintenance or supply contracts, bills of lading, sales agreements, etc. The other party will typically be required to indemnify and hold the state agency harmless, furnish proof of insurance and name the agency as an additional insured on the policy.

The State of California has detailed rules regarding contracts entered into by its departments and agencies. ORIM helps numerous state agencies interpret the insurance requirements of their contracts by reviewing over 3,000 contracts annually. All "hazardous contracts" entered into by state agencies are required to be reviewed by ORIM.

Many problems with contracts can be avoided if agency personnel know how to interpret the state guidelines and monitor compliance by the other contracting parties. To educate staff in these areas, ORIM conducts special workshops on insurance requirements in contracts for state agencies seeking better risk control.

As an example, ORIM participated in a workshop last October held for the Contracts Division of the Department of Corrections. This workshop was attended by over 80 people. ORIM's presentation included such topics as certificates of insurance, insurer solvency ratings and the types of liability coverage available in the marketplace (occurrence and claims-made).

In March 1997 the Department of General Services will hold a conference to which it has invited the contract and procurement staff of all major state departments. The conference will cover all facets of state contracting, with ORIM staff presenting information on writing and reviewing contracts from the standpoint of insurance requirements. ■

For more information about ORIM's contract-review services and customized, on-site training and workshops on insurance requirements, contact Pam Shribbs at 916/445-4612.

For Your Information

State Recognizes Employee Contributions To Safety

July 19, 1996 marked the 16th year of the Governor's Employee Safety Award Program (GESA). The program, coordinated by ORIM, recognizes outstanding performance by employees in state service at all levels. The awards recognize exemplary efforts by employees in their involvement and contribution toward helping create a safer workplace. The benefits of such efforts are the reduction and prevention of occupational-related injuries and accidents.

Since its inception, the GESA program has recognized the special safety efforts of well over 1,000 employees. This year's event was held at the Sacramento Convention Center, where 91 recipients were recognized for their outstanding efforts. ■

If you would like to know more about GESA or how you can recommend recipients for the 1997 award, contact Trudy Holder at 916/445-9809 or CALNET 485-9809.

Fill 'er Up!

Think there's no such thing as a preventable accident? Over the past two years more than 30 state drivers pulled away from self-service gas stations without replacing the pump nozzle. The result? Besides the obvious embarrassment, there was over \$13,100 in damage to vehicles and pumping equipment.

Take the extra time to always double check that the pump has been returned and gas cap replaced. This will save taxpayer dollars, but more importantly prevent possible severe injuries or even death from explosion. ■

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